



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS

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Memorandum

**To: Luly Massaro, Commission Clerk
Rhode Island Public Utilities Commission**

**From: Al Contente, Rate Analyst
Division of Public Utilities & Carriers**

Date: June 21, 2021

Re: National Grid – Residential Assistance Recovery Filing: Docket 5156

On May 14, 2021 Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed with the Rhode Island Public Utilities Commission (“RIPUC” or “Commission”) its Residential Assistance Recovery Filing which included the proposed Arrearage Management Adjustment Factor (“AMAF”) pursuant to the Company’s Arrearage Management Program (“AMP”), and the Low Income Discount Recovery Factor (“LIDRF”) both of which are covered by the Company’s Residential Assistance Provision (“RAP”) pursuant to RIPUC Tariff Provision No. 2239.

The filing consisted of a cover letter and included direct testimony of Daniel E. Gallagher with the following attachments:

- Schedule DEG-1-- Arrearage Management Adjustment Factor and Calculations of Recoverable Arrearage Management Forgiveness Amount
- Schedule DEG-2 -- Reconciliation of Recovery of CY 2018 AMP Forgiveness, July 1, 2019 through June 2020, and status of Reconciliation of Recovery of CY 2019 AMP Forgiveness, July 1, 2020 through Present.
- Schedule DEG-3 -- Calculation of Estimated Low-Income Discount, Low Income Discount Recovery Factor, and Effective Discount Percentage Calculation
- Schedule DEG-4 -- Reconciliation of Low-Income Discount and Recovery, July 1, 2019 through June 2020, and status of Reconciliation of Low-Income Discount and Recovery, July 1, 2020 through Present
- Schedule DEG-5 -- Typical Bills

On June 24, 2016, the Henry Shelton Act was amended which established an arrearage program for low-income electric and gas residential ratepayers. Subsequently, National Grid added an Arrearage Management Program provision and made related changes to its current electric and gas tariffs to incorporate the amendments of the Henry Shelton Act. The AMP provision also included an Arrearage Management Adjustment Factor for National Grid to recover incremental costs associated with the AMP.

Arrearage Management Adjustment Factor

The proposed AMAF is designed to recover the total amount of arrearages forgiven by the Company from customers that have defaulted or opted out of their AMP payment plan and the total amount of arrearages forgiven by the Company from customers that have successfully completed their AMP payment plan. The arrearages forgiven by the Company from unsuccessful payment plans are 100% recoverable under the tariff, while arrearages forgiven by the Company from successful payment plans are only recoverable if the Company experienced more than the total allowable bad debt for that calendar year.

The Company calculated the total allowable bad debt for Calendar Year 2020 to be \$13,431,976, while the actual bad debt was \$8,838,343. Since the actual bad debt did not exceed the allowance, the Company is not allowed under the tariff to recover any of the arrearages forgiven related to customers that successfully completed their AMP payment plan.

The total recoverable arrearage forgiveness amount for calendar year 2020 includes the following:

Recoverable AMP Forgiveness (defaulted)	\$ 357,571
Recoverable AMP Forgiveness (cancelled)	<u>\$ 47,744</u>
Recoverable Arrearage Forgiveness Amount	\$ 405,315
Under-Recovered from Prior Period Ending June 30, 2020	<u>\$ 14,362</u>
Total Recoverable Arrearage Forgiveness Amount	<u>\$ 419,677</u>
Forecasted July 1, 2021 – June 30, 2022 kWh Deliveries	6,962,842,812
Proposed Arrearage Management Adjustment Factor	\$ 0.00006

The proposed AMAF of \$0.00006 is computed by dividing the total recoverable arrearage forgiveness amount by the forecasted kWh deliveries for the period July 1, 2021 through June 30, 2022. The proposed factor is a decrease from the current AMAF of \$0.00015.

Low-Income Discount Recovery Factor

The proposed Low-Income Discount Recovery Factor is designed to recover the lost revenue as a result of the effective discount rate associated with the A-60 customer class and the under or over-collection for the 12-month period ending June 30, 2020.

The LIDRF reconciliation through April of 2021 shows an under-recovery of \$938,889. The actual LIDRF over or under-recovery through June 30, 2021 will be reconciled through next year's proposed factor.

The proposed LIDRF was calculated by estimating customers' bills on the A-60 rate and multiplying that amount by the effective discount rate of 25.8%, which is based upon actual low-income discounts at the 25% and 30% levels for the recovery period ending June 30, 2020. The total under-collection from July 2019 through June 2020 including interest was \$1,170,013. The total low-income discount at 25.8% is estimated at \$12,076,075 for the 12-month period ending June 30, 2022. That amount plus the actual under-collection totals \$13,246,088. That total is then divided by the forecasted kWh's for all customer classes apart from the A-60 class from July 2021 through June 2022.

Low Income Discount 25.8%	\$ 12,076,075
Under-Recovered from Prior Period Ending June 30, 2020	<u>\$ 1,170,013</u>
Total Low-Income Discount	<u>\$ 13,246,088</u>
Forecasted July 1, 2021 – June 30, 2022 kWh Deliveries (Excluding A-60 Rate kWhs)	6,752,983,935
Proposed Low Income Discount Recovery Factor	\$ 0.00196

The proposed LIDRF of \$0.00196 is computed by dividing the total estimated recoverable under-collection amount by the forecasted kWh deliveries for the period July 1, 2021 through June 30, 2022 net of the kWhs collected from A-60 customers. The proposed factor is an increase from the current LIDRF of \$0.00176.

The impact of the proposed AMAF and LIDRF on a typical residential customer using 500 kWh per month is an increase of \$0.06, or less than 0.1%.

Recommendation

The Division has reviewed National Grid's Residential Assistance Recovery Filing and concluded that the Company's AMAF and LIDRF calculations are correct and recommends approval of the proposed AMAF of \$0.00006 and LIDRF of \$0.00196.